

Documentation Requirements

Written Request

A federal credit union charter applicant or existing credit union wishing to receive a low-income designation should forward a separate written request for the designation to the regional director. The request should contain appropriate documentation supporting that the majority of the members or potential members meet the LIT designation requirements. If a credit union wishes to add an LI association to its field of membership, 100 percent of the association's members must meet the LIT requirements. Chapter 3 of the NCUA Chartering and Field of Membership Manual discusses specific requirements to various type of charters.

The credit union must provide documentation. This data is normally supported by one or a combination of the following methods:

- **Zip Code:** Zip codes of 100 percent of the credit union's members of record as of a particular date will be compiled and the aggregate number of members residing in each zip code determined. The median household income for each zip code will be determined and recorded. More than 50 percent of the credit union's current members must reside in defined low-income zip codes, based on US Census Bureau's Median Household Income Statistics. The zip code method can be used to establish that members and potential members meet the low-income test. Credit unions seeking to expand their FOMs to include a low-income community may use zip code information to establish the median household income level of the community. However, the zip code boundaries cannot be used to establish a community for FOM purposes (e.g., a specific geographic area where residents interact).
- **Loan Survey:** Loan portfolio review will include 100 percent of all loans outstanding as of a particular date. The review will focus on either individual documentation of the members' wages or the members' household incomes. These amounts will be compared to NCUA's most current year's published qualifying standards. More than 50 percent of the borrowers must meet the LIT. Care needs to be exercised in accepting this method to ensure that the data is reasonably current and that the borrowers represent a majority of the credit union's members. The NCUA regional director has the discretion to apply this test as the sole method for approving the LI designation.
- **Membership surveys:** Membership surveys will include 100 percent of the credit union's members of record as of a particular date or a statistically valid survey accepted by the NCUA regional director. It must be a written survey with reasonable controls to ensure that every member had equal opportunity to receive the survey and comment. The survey must request the members' total household income and annual wage figure. These amounts will be compared to NCUA's most current year's published qualifying

figures. A simple majority of the credit union's total membership must respond and qualify under the LIT.

- **U.S. Census Bureau Block Group Information:** This method could be used to determine a community credit union's eligibility for low-income designation or non-designated LICU's FOM expansion request into a low-income community. This method will specifically determine a defined community's median household income. Information can be obtained from the U.S. Census Bureau's website WWW.Census.Gov or researching the information at your local library.
- **Other Supportive Statistical Data:** Other statistical data provided by reputable organizations may be used if the NCUA regional director is satisfied that the data presented is customary and uniformly accepted demographic information. If more than 50 percent of the members meet the LIT, then the credit union or its FOM expansion group qualifies as LI.

Methods for Determining Eligibility Using Statistical Information

The methods for assigning the LI designation would be applied in the following order of priority:

- **Method 1:** Compare the 1990 US Census Bureau's Median Household Income Statistics to NCUA's 1990 Measurement Standard of \$24,044 as the primary measurement prepared by the Office of Community Development Credit Unions (OCDCU);
- **Method 2:** Compare the current year's CACI projections for the Median Household Income or the Credit Union Members' Average Weekly Wages to the NCUA's current year's standards; or,
- **Method 3:** Other customarily accepted data used by federal and state agencies to identify and qualify low-income recipients for various entitlement and aid type programs.

Median Household Income / National Average Wage Calculations

OCDCU reviews NCUA's median household income standard and the national average wage annually and publishes the low-income eligibility thresholds by June 30th for the fiscal year. The OCDCU has the responsibility to notify the regions and update the Community Development Credit Union (CDCU) informational booklet for these thresholds.

In setting NCUA's annual national median household income standard, the OCDCU uses the current published US Census Bureau's National Median Household Income Standard. This figure is adjusted by the prior year's inflation rate as published by the Bureau of Labor Statistics. NCUA's standard for the National Average Weekly Wage is based on the current year's January annualized average weekly wage published by the Bureau of Labor Statistics.

Both of these calculations are reduced by 20 percent to arrive at NCUA's current year's thresholds.

Geographic Adjustment: Geographic adjustment is made for specific cities listed in Sections 701.34 and 705.3 of the NCUA Rules and Regulations. **Only the median household income is adjusted** by the geographic percentage differentials. The geographic areas are defined by the Office of Management and Budget in its latest Metropolitan Statistical Area Report. The OCDCU will publish annually by June 30th, the updated criteria for National Median Household Income and the updated figures for the National Average Wage. OCDCU will, when requested, assist NCUA regional directors in determining a credit union's eligibility.

LI State-chartered Credit Unions: The LI designation is available to both federally insured (FISCU) and non-federally insured credit unions which are also eligible to participate in the CDRLP and technical assistance programs. Designations must be made by the state supervisory authority (SSA) with the concurrence of the NCUA regional director. The credit union must demonstrate that it meets the same requirements expected of a federal credit union to obtain the designation. The NCUA regional director can confer the low-income designation on a state-chartered credit union with the SSA's concurrence.

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